

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 686 - HB 706**

March 26, 2015

**SUMMARY OF BILL:** Establishes that contracts entered into or renewed by manufacturers or importers and wholesalers of alcoholic beverages that are more than seven years in length are considered contrary to the public policy of this state. Defines "good cause" for purposes of terminating a contract between a manufacturer or importer and a wholesaler.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- Pursuant to Tenn. Code Ann. § 57-3-301(e)(1), no alcoholic beverage brand may be introduced into the state except pursuant to a written contract to sell such brand in this state between the manufacturer, brewer or importer of such brand and the Tennessee wholesaler who is to sell such brand in this state.
- Pursuant to Tenn. Code Ann. § 57-3-301(e)(4) and (5), no manufacturer or importer nor any successor to a manufacturer or importer may terminate or fail to renew a contract prior to the expiration of its term except for good cause, asserted in good faith, as determined by the Commissioner of the Department of Revenue (DOR).
- Establishing that any such contracts that are more than seven years in length are contrary to the public policy of this state and explicitly defining "good cause" for purposes of terminating such contracts will not result in a significant fiscal impact to the state or local government.
- The number of hearings conducted by the Commissioner of the DOR and the outcomes of such hearings will not be significantly impacted by this bill.
- There will not be a significant impact on alcoholic beverage sales in the state.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "Jeffrey L. Spalding".

Jeffrey L. Spalding, Executive Director

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